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7 LUCASFILM LTD. LLC, et al.,
8 Plaintiffs,
9 v.
10 REN VENTURES LTD., et al.,
11 Defendants.
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14 Case No. 17-cv-07249-RS
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**17 ORDER GRANTING IN PART AND
18 DENYING IN PART MOTION FOR
19 PARTIAL SUMMARY JUDGMENT**

20 I. INTRODUCTION

21 Plaintiffs Lucasfilm Ltd. LLC and Lucasfilm Entertainment Company Ltd. LLC
22 (collectively “Lucasfilm”) move for summary judgment on their claim for copyright infringement
23 against defendants Ren Ventures and Sabbac Creative Industries Ltd., and a finding that the
24 infringement was willful. For the reasons explained below, the motion is granted as to the
25 copyright infringement claim and denied as to the request for a finding of willfulness.

26 II. BACKGROUND

27 Lucasfilm is the registered owner of copyrights covering at least three works in the *Star*
28 *Wars* franchise: the 1980 motion picture *Star Wars Episode V: The Empire Strikes Back*, the 1983
motion picture *Star Wars Episode VI: Return of the Jedi*, and a 2015 episode of the television
series *Star Wars Rebels*, “Idiot’s Array.” Defendants are the creators and distributors of a mobile
game app titled “Sabacc – The High Stakes Card Game”, which according to Lucasfilm, mimics a
fictional card game that appears in the *Star Wars* franchise universe. To promote their Sabacc app,

1 defendants used images and dialogue from Lucasfilm's two movies and television episode (the
2 "Works") on a Facebook page and Twitter account. In April 2017, Lucasfilm's counsel sent a
3 cease-and-desist letter to defendants, demanding immediate discontinuation of defendants'
4 marketing using Lucasfilm's intellectual property. In December, Lucasfilm filed suit against
5 defendants, alleging copyright infringement, trademark infringement, and two other claims.
6 Lucasfilm now moves for partial summary judgment against defendants on its copyright claim
7 only.

8 III. LEGAL STANDARD

9 Summary judgment is proper where the pleadings, discovery, and affidavits show that
10 there is "no genuine issue as to any material fact and [that] the moving party is entitled to
11 judgment as a matter of law." FED. R. CIV. P. 56(c). Material facts are those which may affect the
12 outcome of the case. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). A dispute as
13 to a material fact is genuine if there is sufficient evidence for a reasonable jury to return a verdict
14 for the nonmoving party. *Id.* "This requires evidence, not speculation." *Meade v. Cedarapids, Inc.*,
15 164 F.3d 1218, 1225 (9th Cir.1999). The Court must assume the truth of direct evidence set forth
16 by the party opposing the motion. *See Hanon v. Dataproducts Corp.*, 976 F.2d 497, 507 (9th
17 Cir.1992). Where circumstantial evidence is presented, however, the Court may consider the
18 plausibility and reasonableness of inferences arising therefrom. *See Anderson*, 477 U.S. at 249-50.
19 While the party opposing summary judgment is entitled to the benefit of all reasonable inferences,
20 "inferences cannot be drawn from thin air; they must be based on evidence which, if believed,
21 would be sufficient to support a judgment for the nonmoving party." *American International*
22 *Group v. American International Bank*, 926 F.2d 829, 836-37 (9th Cir.1991). In that regard, "a
23 mere 'scintilla' of evidence will not be sufficient to defeat a properly supported motion for
24 summary judgment; rather, the nonmoving party must introduce some 'significant probative
25 evidence tending to support the complaint.'" *Summers v. Teichert & Son, Inc.*, 127 F.3d 1150,
26 1152 (9th Cir.1997).

27 The moving party for summary judgment bears the initial burden of identifying those

1 portions of the pleadings, discovery, and affidavits which demonstrate the absence of a genuine
2 issue of material fact. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). Where the moving
3 party will have the burden of proof on an issue at trial, it must affirmatively demonstrate that no
4 reasonable trier of fact could find other than for the moving party. On an issue for which the
5 opposing party will have the burden of proof at trial, however, the moving party need only point
6 out “that there is an absence of evidence to support the nonmoving party’s case.” *Id.*

7 Once the moving party meets its initial burden, the nonmoving party must go beyond the
8 pleadings and, by its own affidavits or discovery, “set forth specific facts showing that there is a
9 genuine issue for trial.” FED. R. CIV. P. 56(e). The court is only concerned with disputes over
10 material facts and “factual disputes that are irrelevant or unnecessary will not be counted.”
11 *Anderson*, 477 U.S. at 248. It is not the task of the district court to scour the record in search of a
12 genuine issue of triable fact. *Keenan v. Allan*, 91 F.3d 1275, 1279 (9th Cir.1996). The nonmoving
13 party has the burden of identifying with reasonable particularity the evidence that precludes
14 summary judgment. *Id.* If the nonmoving party fails to make this showing, “the moving party is
15 entitled to judgment as a matter of law.” *Celotex Corp. v. Catrett*, 477 U.S. at 323.

16 IV. DISCUSSION

17 In order to prove copyright infringement, a plaintiff must demonstrate “(1) ownership of
18 the allegedly infringed work and (2) copying of the protected elements of the work by the
19 defendant.” *Unicolors, Inc. v. Urban Outfitters, Inc.*, 853 F.3d 980, 984 (9th Cir. 2017) (internal
20 quotation marks omitted). It is undisputed that Lucasfilm is the registered owner of copyrights PA
21 72-282, PA 1-337-226, PA 172-810, and PA 2-011-445, which cover the two motion pictures and
22 television episode at issue here. *See* Arato Decl. Exs. B-D (registrations); Declaration of Gary Lim
23 (“Lim Decl.”) Exs. A-C (deposit copies). There is also no material dispute as to whether the
24 challenged images and dialogue in defendants’ marketing campaign are strikingly similar, and
25 indeed identical or nearly identical, to protectable elements from the Works. *See* Arato Decl. Exs.
26 F-G. Although the issue of similarity is usually a matter of factual dispute reserved for trial, the
27 Ninth Circuit allows district courts to grant summary judgment to plaintiffs in copyright cases

1 where “the works are so overwhelmingly identical that the possibility of independent creation is
2 precluded.” *Unicolors*, 853 F.3d at 987. Defendants do not deny that their Facebook marketing
3 page includes images from *The Empire Strikes Back* and a *Star Wars Rebels* episode, or that their
4 Twitter page displays a quotation from *Return of the Jedi*. *See Mot. Partial Summary Judgment* at
5 4-5 (providing visual evidence of several instances of alleged infringement by way of example.)
6 Instead, defendants assert the existence of disputed facts with respect to the scope of Lucasfilm’s
7 copyright registrations and sole ownership, along with several affirmative defenses: (1) equitable
8 estoppel; (2) *de minimis* use; and (3) fair use¹. They also contend that disputed issues of material
9 fact preclude summary judgment on the issue of willful infringement.

10 **A. Scope and Ownership of the Copyright Registrations**

11 Defendants unconvincingly argue Lucasfilm cannot prove its copyright ownership in the
12 Works because it has not demonstrated that its registrations cover the aspects of the Works at issue
13 here. Specifically, defendants take issue with Lucasfilm’s failure to produce the actual registration
14 applications and deposit copies submitted with them. The actual registration applications,
15 however, are not the only way to show the scope of a registration. While Lucasfilm acknowledges
16 it submitted DVDs rather than the actual deposit copies (DVDs did not exist at the time of
17 registration), it has adequately demonstrated the DVDs contain the same works as the deposit
18 copies by pointing to the public records maintained by the U.S. copyright office. In addition,
19 Lucasfilm has shown that the aspects of the Works at issue here—the images and dialogue used by
20 defendants—are part of these registered works by specifying the precise time stamps where they
21 appear. No reasonable jury could find otherwise.

22 Defendants also argue that Lucasfilm cannot prove ownership of the Works because there
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24 ¹ Without first raising the issue in their opposition papers, defendants at oral argument asserted
25 that Ren Ventures cannot be held liable for any alleged copyright infringement by Sabacc Creative
26 Industries. There is, however, no evidence in the record supporting an inference that Ren Ventures
27 and Sabacc Creative Industries are separate, independent entities. Moreover, the individual who
claims to have obtained and posted the challenged images and dialogue identifies himself as both
the director of Ren Ventures and a shareholder of Sabacc Creative Industries. *See Declaration of*
Ime Ekong (“Ekong Decl.”) ¶¶ 3, 8. Therefore, defendants’ unsupported defense must be rejected.

1 is no indication in the record they were “made for hire” as indicated in the registration documents.
2 Defendants are mistaken as to Lucasfilm’s obligation to produce evidence of valid “made for hire”
3 status. As the holder of registrations for the Works, Lucasfilm is entitled to “a presumption of a
4 valid copyright,” *Express, LLC v. Feitsh Grp., Inc.*, 424 F. Supp. 2d 1211, 1218-19 (C.D. Cal.
5 2006). Although defendants may rebut the Lucasfilm’s *prima facie* evidence with evidence that
6 suggests a lack of ownership, *see Entertainment Research Group, Inc. v. Genesis Creative Group*,
7 122 F.3d 1211, 1217 (9th Cir. 1997), they have not done so here. Pointing to an absence of
8 *additional* evidence supporting Lucasfilm’s ownership rights is not the same as *offering* evidence
9 that puts those rights in serious dispute. Since Lucasfilm is the registered copyright holder of the
10 disputed works at issue and defendants have not produced any compelling evidence to challenge
11 its registrations, Lucasfilm has adequately demonstrated its copyright ownership in the Works.

12 **B. Equitable Estoppel**

13 Four elements must be present to establish a defense of estoppel: (1) the plaintiff knows
14 the facts of the defendants’ infringing conduct; (2) the plaintiff intends to lead the defendants to
15 believe or engages in conduct that makes it reasonable for the defendants to believe that the
16 plaintiff will not assert its putative copyright interests against the defendants; (3) the defendants
17 are ignorant of the plaintiff’s alleged copyright interests; and (4) the defendants rely on the
18 plaintiff’s conduct to its injury or detriment. *See Hampton v. Paramount Pictures Corp.*, 279 F.2d
19 100, 104 (9th Cir. 1960); *Cal. State Bd. of Equalization v. Coast Radio Prods.*, 228 F.2d 520, 525
20 (9th Cir. 1955); *Oracle Am., Inc. v. Hewlett Packard Enter.* No. 16-cv-01393-JST, 2017 U.S. Dist.
21 LEXIS 22561, at *7 (N.D. Cal. Feb. 16, 2017).

22 Here, the parties do not dispute that Lucasfilm knew of defendants’ alleged infringement as
23 early as April 2017, when it issued a cease-and-desist letter to defendants. Because the letter only
24 accused defendants of trademark infringement and because Lucasfilm initially elected to pursue a
25 trademark cancellation action before filing suit, it was reasonable, according to defendants, for
26 them to believe that copyright infringement was not at issue. In defendants’ telling, Lucasfilm
27 made no indication that it would assert its putative copyright interests until the filing of this action

1 eight months after sending the cease-and-desist letter. A fair reading of Lucasfilm's letter suggests
2 otherwise. The letter clearly stated that Lucasfilm owned copyright interests in the *Star Wars*
3 franchise and demanded that defendants discontinue all advertisements for the Sabacc mobile
4 game app on Facebook and Twitter and delete the social media accounts. The *Star Wars* images
5 and dialogue displayed in those advertisements are now the subject of this copyright dispute.
6 Defendants cannot credibly argue they were lulled into thinking Lucasfilm did not intend to take
7 any further action with regard to the enforcement of their copyright interests.

8 Defendants' professed ignorance of Lucasfilm's alleged copyright interests is equally
9 unpersuasive. They claim they had no reason to believe Lucasfilm had rights in the Works because
10 *Star Wars*-themed GIFs, which lack clear indicia of copyright ownership, are widely available and
11 shared among users of the website Giphy and various social media platforms. Conversely,
12 defendants also argue they could not expect to be sued for infringement because Lucasfilm had
13 permitted the same allegedly infringing conduct by others. That copyright protections may be
14 ignored or go undetected is not a strong indication that no such protections exist. Thus, while
15 defendants' purported reliance on Lucasfilm's inaction regarding the accused copyright
16 infringement has undoubtedly caused harm to them in the form of having to defend this lawsuit,
17 the reliance was unjustified and the harm self-inflicted. Accordingly, Lucasfilm is not equitably
18 estopped from seeking summary judgment on its copyright infringement claims against
19 defendants.

20 ***De Minimis* Use**

21 "A use is *de minimis* only if the average audience would not recognize the appropriation."
22 *VMG Salsoul, Ltd. Liab. Co. v. Ciccone*, 824 F.3d 871, 878 (9th Cir. 2016) (internal quotation
23 marks omitted), quoting *Newton v. Diamond*, 388 F.3d 1189, 1193; *see also Fisher v. Dees*, 794
24 F.2d 432, 435 n.2 (9th Cir. 1986) ("As a rule, a taking is considered de minimis only if it is so
25 meager and fragmentary that the average audience would not recognize the appropriation."). There
26 is no question that an average consumer of the Sabacc mobile game app would recognize the
27 images and dialogue in defendants' promotional materials as being derived from the *Star Wars*

1 movies and other media. Indeed, defendants appear to depend upon that recognition to promote the
2 game among *Star Wars* fans. Moreover, the parties do not dispute defendants consistently
3 included *Star Wars* hashtags in their posts, obvious signs that the images and dialogue come from
4 *Star Wars*. No reasonable jury would therefore find defendants' use "so meager and fragmentary
5 that the average audience would not recognize the appropriation." *Id.* Therefore, defendants' use is
6 not, as a matter of law, *de minimis*.

7 **C. Fair Use**

8 Under 17 U.S.C. § 107, fair use requires the examination of four factors: (1) the purpose
9 and character of the use, including whether such use is of a commercial nature or is for nonprofit
10 educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of
11 the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon
12 the potential market for or value of the copyrighted work. While "fair use is a mixed question of
13 law and fact," the jury should only decide "historical facts" but not "the ultimate conclusions to be
14 drawn from the admitted facts," which are "legal in nature." *Fisher v. Dees*, 794 F.2d 432, 436
15 (9th Cir. 1986), quoting *Harper & Row, Publ'rs, Inc. v. Nation Enters.*, 471 U.S. 539, 560 (1985);
16 *see also Oracle Am., Inc. v. Google LLC*, 886 F.3d 1179, 1193 (Fed. Cir. 2018) ("The fair use
17 question entails . . . a primarily legal exercise. It requires a court to assess the inferences to be
18 drawn from the historical facts . . . to determine what conclusion those inferences dictate.").
19 Because the parties do not dispute any material historical fact, the fair use question is decided on
20 summary judgment. As discussed below, defendants' use of the Works is not fair use.

21 **1. Purpose and Character of Use**

22 Under the first factor, defendants unconvincingly argue their use is transformative.
23 "[Transformative] works [] lie at the heart of the fair use doctrine's guarantee of breathing space
24 within the confines of copyright." *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).
25 Such works generally further "the goal of copyright, [i.e.] to promote science and the arts." *Id.* To
26 be transformative, a work must "alter[] the original with new expression, meaning, or message,"
27 *id.* at 671, or serve a "different purpose." *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 819 (9th Cir.

1 2003). “[M]oving material to a new context is not transformative in and of itself—even if it is a
2 sharply different context.” *Oracle Am., Inc. v. Google LLC*, 886 F.3d 1179, 1201 (Fed. Cir. 2018)
3 (citation and internal quotation marks omitted). Here, defendants merely reposted images and
4 dialogue from the original works with “minor cropping [or] the inclusion of headlines or captions”
5 which cannot transform the copyrighted works into something new. *Monge v. Maya Magazines,*
6 *Inc.*, 688 F.3d 1164, 1174 (9th Cir. 2012); *see also id.* at 1176 (9th Cir. 2012) (“[W]holesale
7 copying sprinkled with written commentary[] [is] at best minimally transformative.”).

8 Defendants’ use of the allegedly infringing content to promote their mobile game app also
9 disfavors a fair use finding under the first factor. *See Sony Corp. of Am. v. Universal City Studios,*
10 *Inc.* 464 U.S. 417, 451 (1984) (holding “commercial use of copyrighted material” is a presumptive
11 although not dispositive indication of “an unfair exploitation.”)

12 2. Nature of the Copyrighted Work

13 Under the second fair use factor, courts address two aspects of the relevant work: the
14 extent to which it is expressive and whether it is published or not. *See Harper & Row*, 471 U.S. at
15 563-64. The parties do not dispute Lucasfilm’s Works are expressive, and “work[s] of creative
16 expression, as opposed to [] informational work[s] . . . [are] precisely the sort of expression that
17 the copyright law aims to protect.” *Leadsinger, Inc. v. BMG Music Publ’g*, 512 F.3d 522, 531 (9th
18 Cir. 2008). This element therefore favors Lucasfilm. On the other hand, however, “[p]ublished
19 works are more likely to qualify as fair use.” *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 820 (9th
20 Cir. 2003). The copyrighted works in question have been published extensively: images,
21 illustrations, and quotes similar to those at issue appear at numerous locations online; some of the
22 Works were screened nearly four decades ago. As a result, the authors have likely realized their
23 expressive and economic interests to a great extent. Considering both elements, the second factor
24 thus weighs in favor of defendants.

25 3. Amount and Substantiality

26 Defendants’ allegedly infringing GIF images consist of a seconds-long video clip paired
27 with short captions. Compared to the original works—full-length feature films and a television

1 episode—they are quantitatively insignificant. Even if they display “important characters from the
2 *Star Wars* universe who are part of the highly expressive core” of the Works, showing them for a
3 few seconds does not make defendants’ use significant in this case. Accordingly, this factor favors
4 defendants.

5 **4. Market Effect**

6 In assessing the market harm caused by the potentially infringing use, courts consider both
7 the original market and “market for potential derivative uses includ[ing] only those that creators
8 of original works would in general develop or license others to develop.” *Campbell v. Acuff-Rose
9 Music, Inc.*, 510 U.S. 569, 592 (1994). While defendants may be correct that “no one is going to
10 watch a *Star Wars* GIF instead of the original movie,” these GIF images can nonetheless have an
11 adverse effect on the derivative market. “[W]hen ‘the intended [non-transformative] use is for
12 commercial gain,’ the likelihood of market harm ‘may be presumed.’” *Leadsinger*, 512 F.3d at
13 531, quoting *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 451 (1984); *see also*
14 *Campbell*, 510 U.S. at 591 (“[W]hen a commercial use amounts to mere duplication of the entirety
15 of an original, it [is] . . . likely that cognizable market harm to the original will occur.”).
16 Defendants use these *Star Wars* images and dialogue to promote their game with a profit motive.
17 The burden is thus on defendants to disprove market harm. Movie franchise owners routinely
18 license intellectual property rights to other businesses to develop movie-related merchandise and
19 products, which allows both sides of the transaction to reap the benefits associated with
20 copyrighted works. Because defendants have not produced evidence to show lack of market harm
21 to Lucasfilm from their unlicensed use, this factor weighs against fair use.

22 The “four statutory factors” of fair use should not be “treated in isolation, one from
23 another. All are to be explored, and the results weighed together, in light of the purposes of
24 copyright.” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 (1994). “The ultimate test of
25 fair use, therefore, is whether the copyright law’s goal of ‘promot[ing] the Progress of Science and
26 useful Arts,’ U.S. CONST., art. I, § 8, cl. 8, ‘would be better served by allowing the use than by
27 preventing it.’” *Castle Rock Ent’t, Inc. v. Carol Publ’g Grp., Inc.*, 150 F.3d 132, 141 (2d Cir.

1 1998), quoting *Arica Inst., Inc. v. Palmer*, 970 F.2d 1067, 1077 (2d Cir. 1992). For this reason,
2 courts often give more weight to the first and fourth factors of the fair use test because they are
3 more closely related to incentivizing the creation of new arts—allowing transformative use
4 encourages creative disruption while market harm measures the reduction of economic incentives.
5 *See, e.g., Authors Guild v. Google, Inc.*, 804 F.3d 202, 220 (2d Cir. 2015) (“The second factor has
6 rarely played a significant role in the determination of a fair use dispute.”); *Campbell*, 510 U.S. at
7 588, 599 (holding transformative parodies can be fair use even though they copy the “heart” of the
8 original and “almost invariably copy . . . expressive works”); *Am. Geophysical Union v. Texaco
9 Inc.*, 60 F.3d 913, 925 (2d Cir. 1994) (ruling against fair use based on lack of transformative use
10 and potential market harm despite the “manifestly factual character” of the copyrighted works
11 which favors the infringer); *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 613
12 (2d Cir. 2006) (“[C]opying the entirety of a work is sometimes necessary to make a fair use of the
13 image.”), citing *Kelly*, 336 F.3d at 821.

14 Therefore, although the second and third factors in the foregoing analysis tend to support a
15 finding of fair use, the more important first and fourth factors weigh decidedly against defendants.
16 After all, a non-transformative use of copyrighted works that creates little new and harms the
17 economic incentive of artists can hardly “promote the Progress of Science and useful Arts.” U.S.
18 CONST., art. I, § 8, cl. 8. Accordingly, defendants’ use of Lucasfilm’s copyrighted works is not fair
19 use.

20 **D. Willful Infringement**

21 Finally, defendants argue that to the extent any copyright infringement occurred, it was
22 innocent. “To prove willfulness under the Copyright Act, the plaintiff must show (1) that the
23 defendant was actually aware of the infringing activity, or (2) that the defendant’s actions were the
24 result of reckless disregard for, or willful blindness to, the copyright holder’s rights.” *Unicolors,
25 Inc. v. Urban Outfitters, Inc.*, 853 F.3d 980, 991 (9th Cir. 2017) (citation and internal quotation
26 marks omitted). As discussed above, neither the demand letter nor the existence of *Star Wars*-
27 themed GIFs on the internet made it reasonable for defendants to assume Lucasfilm did not own

1 rights in the Works or that it did not intend to enforce those rights. That said, evidence of
2 defendants' awareness of the Works falls short of establishing actual awareness of *infringing*
3 *activity*. While defendants arguably demonstrated reckless disregard or willful blindness in failing
4 at least to investigate whether their conduct infringed upon Lucasfilm's copyright interests, that is
5 a question of material fact properly reserved for determination by a jury. For that reason, partial
6 summary judgment will be denied as to Lucasfilm's claim of willful infringement.

7 **V. CONCLUSION**

8 For the reasons set forth above, Lucasfilm's motion for summary judgment on its claim of
9 copyright infringement is granted. The motion is denied with respect to the issue of whether the
10 infringement was willful.

11
12 **IT IS SO ORDERED.**

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14 Dated: June 29, 2018



15
16 RICHARD SEEBORG
17 United States District Judge